

The French hold to the generally prevailing view with regard to their debts to the United States. They not only have been servicing debts incurred after World War II regularly but have paid more than \$880 million in advance of the due date. As of June 30, 1967 France's obligations to the United States, exclusive of World War I debts, were roughly \$300 million.

France's World War I debt derives from cash advances administered by the Treasury Department pursuant to the Liberty Bond Acts from sales of surplus property after the War. On April 29, 1926, the United States and France entered into an agreement to fund these obligations which on that date were fixed at \$3.8 billion plus unpaid interest but this agreement was not ratified until 1929. This agreement was negotiated on the U.S. side by the World War Foreign Debt Commission chaired by the Secretary of the Treasury. The Agreement provided for the issuance of bonds in the principal amount of \$4,025 million repayable over a period beginning June 15, 1926, and ending June 15, 1987. It was further provided that interest on the bonds payable semiannually would be 1 percent beginning June 15, 1930 and that the rate would gradually increase over the amortization period, finally reaching 3½ percent during the last twenty-two years. The rate applicable from June 15, 1965, was to be 3½ percent.

France made payments of principal and interest on these obligations up to June 15, 1931. After the Hoover Moratorium of 1931-32, the French Chamber of Deputies on December 14, 1932, adopted a resolution which "deferred" the interest payment due the next day. The French have made no payments on interest or principal since the moratorium. Statistical bulletins published by the French Ministry of Finance do not now include these obligations in the listing of French external debt.

The World War I indebtedness of the Government of France due and unpaid as of June 30, 1967 was \$5,077 million, including \$2,091 million of the principal sum and \$2,986 million on interest arrearages. Unmatured principal was \$1,773 million. No payments have been made since 1931. The total obligation which might be said to have been outstanding on June 30, 1967, including both matured and unmatured principal and interest arrearages to that date, was \$6,850 million.

Mr. BURKE. As I understand that moratorium, it was granted under the administration I believe of the late and beloved President Herbert Hoover.

Secretary FOWLER. That is correct.

Mr. BURKE. That moratorium was supposed to last for 1 year.

Secretary FOWLER. Yes, sir.

Mr. BURKE. But apparently even under the leadership of General de Gaulle this moratorium is going to last in perpetuity.

Secretary FOWLER. It shows no signs to me of any likely thawing out.

Mr. BURKE. Just one other question, Mr. Chairman.

The CHAIRMAN. Mr. Burke, let me ask the Secretary if he will make that information available to the members as well as for the record. Will you supply such copies?

Secretary FOWLER. Yes.

The CHAIRMAN. Yes.

Mr. BURKE. Mr. Secretary, last year approximately 155 Members filed bills to correct the inequities in the moving expense problem and this had nationwide support. It is an inequity that has to be corrected and I was wondering if you would have any objections to having that included in this tax bill.

Secretary FOWLER. Congressman Burke, we recognize that this moving expense problem is an important issue and pressing for many of those concerned. We have been studying your bill, your proposal, and it has indeed many appealing and interesting aspects.

However, it does not involve some tax policy issues which, in view of previous experience with this problem, will need careful exploration. The President will be submitting some proposals for tax reform later